

Tax Burden

Type of Tax	Based on Income		Based on Population		Number of States* with Tax
	% of U.S. Average	Rank	% of U.S. Average	Rank	
Individual Income	108.9	22	89.0	30	44
Corporate Income	71.5	30	58.5	34	47
Sales	93.7	27	76.6	39	47
Motor Vehicles	172.8	3	141.3	8	51
Property	90.1	31	73.6	37	51
Overall	95.4	38	78.0	44	51

*Includes Washington, D.C.

- ◆ The State Tax Commission conducts an annual tax burden study which compares Idaho's taxes to the national average after adjusting for differences in income or population among the states (*Comparative Tax Potential: Fiscal Year 2002*, Alan Dornfest, August 2004). The comparison based on income shows higher comparative taxes in Idaho than the ranking based on population because per capita income in Idaho is 18.3% lower than the U.S. average.
- ◆ The study reveals that Idaho levies steeper motor vehicles taxes than most other states. This comparison takes registration fees into account, but not sales taxes, or personal property taxes. A June 2002 comparison by the Washington State Department of Transportation put Idaho at 15th based on Fuel Tax Rates alone.
- ◆ Idaho's income tax and overall tax burdens fell significantly since the last survey (FY 2000—16th for Individual, 21st for Corporate, 20th overall). This was undoubtedly due, to a great degree, to the income tax rate reductions passed by the 2001 Legislature.
- ◆ Idaho's tax burden ranks in the bottom half of states in three of the five major tax categories. These are the Sales Tax (27th out of 47), Property Tax (31st out of 51), and Corporate Income Tax (30th out of 47). However, this tax study does not take into account Idaho's 2003 sales tax increase which will likely move Idaho up in the FY 2004 rankings.
- ◆ Overall, Idaho's FY 2000 tax burden from *major* state and local taxes ranks 4.6% below the US average when adjusted for income and 22% below average on a per capita basis.